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BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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JAN 13 2004

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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%

\$14.40 /CWT

CLASS I BUTTERFAT PRICE PER POUND

\$1.35 /LB

EFFECTIVE FEBRUARY 1, 2004:

The minimum price to pay milk producers, under ARM 32.24.301, is \$14.40 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 13.5 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.35.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$10.95 /CWT

Average spray process dry milk solids

price per pound = \$0.85250
Multiplied by 8.2 x 8.2

\$6.99050

\$6.99050

Last quote of the month for Grade AA butter

minus a differential of \$.0895 = \$1.18550
Multiplied by 4.2 x 4.2

\$4.97910

+ \$4.97910

\$11.96960

LESS a make allowance of 8.5% (\$11.9696 X .085)

- \$1.01742

\$10.95218

Rounded to the nearest whole cent = \$10.95 /hundredweight.

CLASS II BUTTERFAT PRICE PER POUND**\$1.32 /LB**

Last quote of the month for Grade AA butter
 minus a differential of \$.0895 = \$1.18550 X .111) = \$0.13159
 Rounded to the nearest half cent = \$0.132

Butterfat value per pound
 for milk at 3.5% test: \$1.32

Hundredweight price of milk testing 3.5% = \$10.95
 LESS 3.5 pounds of butterfat at \$1.32 per pound - \$4.620
 Value of 96.5 pounds of skim = \$6.330

CLASS II VALUE OF
 ONE POUND OF SKIM 6.330 / 96.5 pounds) = \$0.06560 /LB

PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$9.34 /CWT**

3.5 pounds of butterfat \$1.07 per pound = \$3.745
 96.5 pounds of skim \$0.05802 per pound = \$5.599
 \$9.344 /CWT

CLASS III BUTTERFAT PRICE PER POUND**\$1.07 /LB**

Last quote of the month for Grade AA butter
 minus a difference of \$.0895 = \$1.18550
 LESS 10% - \$0.11855
 \$1.06695

Rounded to the nearest whole cent = \$1.07 per pound.

CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$5.80212 /CWT**

Avg. spray process dry milk solid price/lb : \$0.85250
 Multiplied by 8.2 8.2
 \$6.99050
 LESS 17% \$1.18839
 \$5.80212

Rounded to the nearest whole cent \$5.80 per hundredweight.

BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:

Monte Nick
 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$14.40 FOR 3.5% MILK 96.5 LBS = \$9.675		CLASS II SKIM PRICE BASED ON \$10.95 FOR 3.5% MILK 96.5 LBS = \$6.330		CLASS III SKIM PRICE BASED ON \$9.34 FOR 3.5% MILK 96.5 LBS = \$5.599	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.09923	2.50	\$0.06492	2.50	\$0.05743
2.55	\$0.09928	2.55	\$0.06496	2.55	\$0.05746
2.60	\$0.09933	2.60	\$0.06499	2.60	\$0.05749
2.65	\$0.09938	2.65	\$0.06502	2.65	\$0.05751
2.70	\$0.09943	2.70	\$0.06506	2.70	\$0.05754
2.75	\$0.09949	2.75	\$0.06509	2.75	\$0.05757
2.80	\$0.09954	2.80	\$0.06512	2.80	\$0.05760
2.85	\$0.09959	2.85	\$0.06516	2.85	\$0.05763
2.90	\$0.09964	2.90	\$0.06519	2.90	\$0.05766
2.95	\$0.09969	2.95	\$0.06522	2.95	\$0.05769
3.00	\$0.09974	3.00	\$0.06526	3.00	\$0.05772
3.05	\$0.09979	3.05	\$0.06529	3.05	\$0.05775
3.10	\$0.09985	3.10	\$0.06533	3.10	\$0.05778
3.15	\$0.09990	3.15	\$0.06536	3.15	\$0.05781
3.20	\$0.09995	3.20	\$0.06539	3.20	\$0.05784
3.25	\$0.10000	3.25	\$0.06543	3.25	\$0.05787
3.30	\$0.10005	3.30	\$0.06546	3.30	\$0.05790
3.35	\$0.10010	3.35	\$0.06549	3.35	\$0.05793
3.40	\$0.10016	3.40	\$0.06553	3.40	\$0.05796
3.45	\$0.10021	3.45	\$0.06556	3.45	\$0.05799
3.50	\$0.10026	3.50	\$0.06560	3.50	\$0.05802
3.55	\$0.10031	3.55	\$0.06563	3.55	\$0.05805
3.60	\$0.10036	3.60	\$0.06566	3.60	\$0.05808
3.65	\$0.10042	3.65	\$0.06570	3.65	\$0.05811
3.70	\$0.10047	3.70	\$0.06573	3.70	\$0.05814
3.75	\$0.10052	3.75	\$0.06577	3.75	\$0.05817
3.80	\$0.10057	3.80	\$0.06580	3.80	\$0.05820
3.85	\$0.10062	3.85	\$0.06583	3.85	\$0.05823
3.90	\$0.10068	3.90	\$0.06587	3.90	\$0.05826
3.95	\$0.10073	3.95	\$0.06590	3.95	\$0.05829
4.00	\$0.10078	4.00	\$0.06594	4.00	\$0.05832
4.05	\$0.10083	4.05	\$0.06597	4.05	\$0.05835
4.10	\$0.10089	4.10	\$0.06601	4.10	\$0.05838
4.15	\$0.10094	4.15	\$0.06604	4.15	\$0.05841
4.20	\$0.10099	4.20	\$0.06608	4.20	\$0.05845
4.25	\$0.10104	4.25	\$0.06611	4.25	\$0.05848
4.30	\$0.10110	4.30	\$0.06614	4.30	\$0.05851
4.35	\$0.10115	4.35	\$0.06618	4.35	\$0.05854
4.40	\$0.10120	4.40	\$0.06621	4.40	\$0.05857
4.45	\$0.10126	4.45	\$0.06625	4.45	\$0.05860
4.50	\$0.10131	4.50	\$0.06628	4.50	\$0.05863

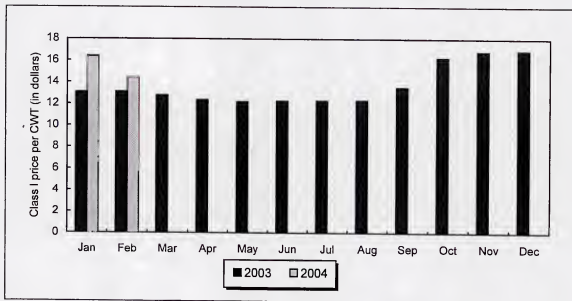
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2003 and 2004

Statistics from the Montana Milk Control Bureau

Month	2003	2004	Difference	% Change
January	\$13.07	\$16.39	\$3.32	25.40%
February	\$13.11	\$14.40	\$1.29	9.84%
March	\$12.78	\$0.00	\$0.00	0.00%
April	\$12.36	\$0.00	\$0.00	0.00%
May	\$12.19	\$0.00	\$0.00	0.00%
June	\$12.26	\$0.00	\$0.00	0.00%
July	\$12.29	\$0.00	\$0.00	0.00%
August	\$12.32	\$0.00	\$0.00	0.00%
September	\$13.52	\$0.00	\$0.00	0.00%
October	\$16.26	\$0.00	\$0.00	0.00%
November	\$16.82	\$0.00	\$0.00	0.00%
December	\$16.92	\$0.00	\$0.00	0.00%
Average	\$13.66	\$15.40	\$2.31	17.62%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

NOV 2003: class I = \$9.26; class II = \$1.41; Class III = \$3.27; total = \$13.93

(calculations based upon utilization percentages of butterfat & skim)